Review of the Department of Medical Assistance Services

Presentation to the
Joint Legislative Audit and Review Commission

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THE CHILD HEALTH INSURANCE PROGRAM

- The FAMIS Plan passed by the General Assembly in 2000 was a compromise negotiated among the administration, the legislators, and the child health advocates.

- Many of the concerns identified in this report consist of desired structural, administrative, and service elements that were not included in the initial compromise or in the amendments made in the 2001 General Assembly Session.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #1

- There are currently procedures in place to track FAMIS applicants who are referred to the Medicaid co-located staff at the Central Processing Unit and whose eligibility is determined at the CPU.
- A process will be developed to also track applicants who are enrolled with local Departments of Social Services. This will be accomplished by comparing on a monthly basis eligibility data on the Medicaid Management Information System with the Medicaid referrals from Benova. This information will be reported on a monthly basis.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #2

- DMAS is currently contacting families whose children have dropped out of the FAMIS program. These families are not only being surveyed as to why they did not renew in the program, but also they will be encouraged to re-enroll in FAMIS and will be sent another pre-filled application upon request.
- The Department will work with the FAMIS Outreach Oversight Committee to determine the feasibility of outsourcing the process of regularly surveying FAMIS enrollees.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #3

DMAS will update its projection of the total number of potential children eligible for Medicaid and FAMIS. DMAS will utilize the 2001 Virginia Health Access Survey and the 2000 Census data, as well as other data sources as may be appropriate to gather such data.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #4

DMAS will make any necessary changes to the Medicaid State Plan as directed by the General Assembly.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #5

DMAS has been working with and will continue to work with DSS in improving ongoing communication between the Medicaid and FAMIS programs. Staff from DMAS and DSS has developed a tracking form to be used by local DSS offices and the CPU to communicate eligibility issues regarding FAMIS enrollees. The form will be used to alert the CPU of everything from an address change to a change in eligibility (i.e., change from FAMIS eligible to Medicaid eligible.) Currently there is not sufficient Medicaid staff at the Central Processing Unit to dedicate specific staff to assist families with enrollment coordination problems. This task is being handled collectively by the three (3) Medicaid eligibility workers on site who receive and process referrals from FAMIS applications.

THE CHILD HEALTH INSURANCE PROGRAM

DMAS RECOMMENDATION #6

The FAMIS quarterly report already includes enrollment information and will be expanded to include retention of children in FAMIS. Also, the FAMIS report will include the status of implementing the recommendations and other issues highlighted in the JLARC report. The utilization and costs of mental health and health care benefits will be included in the report.

The Mental Retardation Waiver

Single state agency authority

DMAS, as the single state Medicaid agency, "..must not delegate to other than it's own officials, authority to exercise administrative discretion in the administration or supervision of the plan or issue policies, rules, and regulations on program matters. If other state or local agencies or offices perform services for the Medicaid agency, they must not have the authority to change or disapprove any administrative decision of that agency, or otherwise substitute their judgment of that of the Medicaid agency with respect to the application of policies, rules, and regulations issued by the Medicaid agency." 42 CFR Section 431.10 (e).

The Mental Retardation Waiver

DMAS Recommendation #7

- Since DMHMRSAS had day-to-day operational authority for the waiver, the recommendations should be revised to say that DMAS and DMHMRSAS should provide the report. DMAS is happy to provide any updates requested by the General Assembly; however, we question that the General Assembly would want to know the details of the status of DMAS' audits of DMHMRSAS approvals of service enhancements (Recommendation 7(6).
- Number 10 should be deleted as too broad or the concerns should be listed so we can be sure that the concerns are addressed.

Non-Emergency Transportation Services

- The introduction of the transportation brokerage system in July 2001 represented the single largest change in DMAS transportation coverage, since the inception of the coverage in 1969.
- The significant rise in DMAS transportation expenditures over the past decade, reports of inappropriate transportation, and DMAS interest in improving the quality of transportation services justified the decision to move to a brokerage system is warranted.
- Two transportation providers were recently convicted which resulted in imprisonment, a fine of $449,000, and restitution of $448,000.

DMAS Recommendation #8

- DMAS has no objections to the JLARC recommendation regarding a status report on the brokerage system as described in the report.

Medicaid Funded Pharmacy Services

DMAS Recommendation #9

- JLARC's recommendation to the General Assembly to amend the prior authorization program is a step in the right direction.

- DMAS recommends removal of the APA requirement from the Medicaid PA program.

- Removal of the separate public hearing requirement and special notice to drug manufacturers would lessen the administrative burden for DMAS. However, the APA process is lengthy and burdensome for determining whether new pharmaceutical products should be considered for prior authorization. Prior Authorization Committee decisions on products should receive public comment but should also be implemented in a timely manner. Delays for extended periods of time would reduce the overall effectiveness of the program as well as its potential cost savings.

Medicaid Funded Pharmacy Services

DMAS Recommendation #10

- DMAS agrees with JLARC's Recommendation to have DMAS annually develop a list of potential drugs for prior authorization consideration by the Committee with the reconfiguration outlined in (9).

Medicaid Funded Pharmacy Services

DMAS Recommendation #11

JLARC's Recommendation to the General Assembly to direct DMAS to conduct a pharmacy survey regarding AWP and WAC pricing and making changes based on the findings is currently under consideration by DMAS.

Medicaid Funded Pharmacy Services

DMAS Recommendation #12

JLARC's Recommendation to the General Assembly to direct DMAS to change the definition for Usual and Customary reimbursement to enable "most favored nation" status is acceptable to DMAS.

Medicaid Funded Pharmacy Services

DMAS Recommendation #13

- **JLARC's Recommendation to the General Assembly to direct DMAS to examine its method of recovery for TPL is of concern to DMAS and currently under review.**